



## INTERVIEW

# Pharma Selling: In conversation with Melvin D'Souza, Vice President and General Manager, Novo Nordisk India Pvt Ltd.



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**Abstract** The Indian pharmaceutical industry has grown steadily in recent years, as indicated by the increase in production, capital creation, and arrival of new players in the market. While the pharmaceutical sector has had a significant impact on the Indian economy, managing it in today's complex environment has become challenging. Changes in the global economy, intensifying competition, and evolving industry policies pose challenges for pharma companies.

This article is an excerpt from the interview with Mr. Melvin D'Souza, Vice President and General Manager, Novo Nordisk India Pvt Ltd. that explains the current state of the Indian pharmaceutical sector, and the sales and distribution challenges faced by its players.

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## Introduction

In the last few years, there has been an increased focus by pharmaceutical companies on their sales and marketing activities. The highly competitive environment, along with the availability of similar competing products has made it challenging for sales professionals to promote the prescription of their products. Traditionally sales activities have mainly focussed on educating physicians and pharmacists about new products and providing the necessary information

about usage and benefits. Besides the usual marketing activities, one of the most effective ways in which pharmaceutical companies have increased prescription of their products has been through adoption of unique selling strategies by their sales force. The pharmaceutical industry, both in India and globally, has had a long history of using personal selling, and there has been a recent sizeable increase in efforts to improve their sales organisation and strategy, considering the complex selling environment.

The efficacy of personal selling arguably, varies according to the different industries, markets and products in question, as well as the various customer types. In pharmaceutical selling, the sales representative provides physicians and pharmacists with the latest information and updates on

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drugs, and their composition, usage and benefits. The information is crucial for both physicians and pharmacists, since the pharmaceutical industry is a dynamic one. The sales representative receives feedback from the physicians about the drug use, which is passed back to the R&D department of the representative's company. The success of selling in the pharmaceutical sector largely depends on the kind of relationship built with physicians, pharmacists and hospital administrators. In particular, the relationship quality and salesperson's expertise significantly influence physicians' trust and decisions. In this context, our interview aims to identify the significance of personal selling in assisting the decision-making process of physicians, as well as the building of long-term relationships which is crucial for the success of pharmaceutical companies.

## The Indian pharmaceutical sector

Globally, the pharmaceutical sector has been going through unprecedented disruptions over the last decade. While the sector has shown overall growth in India, the rate of growth has been inconsistent (Agarwal, Dreszer and Mina, 2017). The large pharmaceutical companies have shown a keen interest in expanding to rural India, and along multiple verticals. The pharma sector in India has also undergone significant shifts and innovations.

Companies in this sector have adopted multi-channel sales and marketing models, and strategies to maximise the reach of their products. The Indian pharmaceutical industry is different from the global pharmaceutical industry.

According to reports by India Brand Equity Foundation (IBEF) 2017<sup>1</sup>, the Indian pharma sector is:

- growing at a rate of more than 10-12 % per year, compared to 7% annual growth for the world market;
- expected to expand at a CAGR of 22.4%, and reach US\$55 billion by 2020;
- one of the fastest-growing sectors in the country, accounting for about 1.4% of the global pharmaceutical industry in value terms.
- subject to increasing pressure to innovate due to a rise in patent expirations, weak pipeline quality and increasing focus by governments to reduce health care costs; and
- ranked fifth in the world in terms of attracting foreign direct investment (FDI), with a cumulative flow of USD11.6 billion from 2000-2014.

In the context of the Indian pharmaceutical sector, business strategies that are appropriate in the Western context may not be suitable in India.<sup>2</sup> Further, we cannot contend that the Indian pharmaceutical industry has followed the same growth pattern as that of the Western countries in the past.

With the rise in FDI inflows, there has been an increase in the flow of funds into Indian pharma, and companies are developing their expansion plans accordingly.

<sup>1</sup> Retrieved from <https://www.ibef.org/industry/pharmaceutical-india.aspx> (Accessed in September 2018).

<sup>2</sup> <https://www.mckinsey.com/industries/pharmaceuticals-and-medical-products/our-insights/whats-next-for-pharma-in-emerging-markets> last accessed in July 2017.

### Novo Nordisk: An introduction<sup>3</sup>

Novo Nordisk (NN) is a leading global provider of diabetes care products. The company has a presence in 75 countries and markets its products in more than 180 countries. The company has a significant presence in three therapy areas – diabetes care, haemophilia and growth hormone. A new addition to this list is obesity management. Novo Nordisk is headquartered in Bagsvaerd, Denmark and employs 41,500+ people as of 31 December 2015.

In early 2014, Novo Nordisk launched “Cities Changing Diabetes®”, a partnership programme to fight urban diabetes. The company's rapid growth and success in India is owing to its quality products, commitment to upholding its values and a strategic approach towards business, which is popularly known as the NN Way, as discussed below.

In recognition of the fact that pharma will become global, Novo Nordisk has a set of guiding principles called Novo Nordisk Way that underpins every decision the organisation makes. It describes who the organisation is, how it works and what it wants to achieve, and sets a clear direction for the company and its employees. A commitment is made to each employee and to the millions of patients all over the world who rely on the company's products to lead full and healthy lives.

Since its inception the founders of Novo Nordisk embarked on a journey to change the state of diabetes; today, thousands of employees across the globe are taking this journey forward. The organisation's stated ambition is to strengthen its leadership in diabetes, and discover and develop innovative biological medicines that are accessible to patients throughout the world. Novo Nordisk stresses the importance of balancing financial, social and environmental considerations; and to never compromise on quality and business ethics. The company culture instils openness, honesty and treating everyone with respect, always keeping in mind what is best for patients, employees and shareholders.

## Personal selling in the pharmaceutical industry

Indian pharmaceutical companies have transitioned from conservative sales models to more innovative approaches. This expansion in recent years has led to an increase in the number of global brands and products launched. At the same time, the sales force has been expanding significantly to reach all parts of the country. In a bid to further increase revenues, companies have started to engage in better scientific promotion, and deployment of new and efficient sales force structures to more target markets.<sup>4</sup>

Pharmaceutical companies have begun to direct their sales force at physicians who make decisions on the prescription of drugs. Approximately 65% of the total spending of pharmaceutical companies has been on their sales force, which in turn provides the latest information about the drugs and plays a major role in the decisions made by physicians as to whether the drug should be prescribed. With the rapid changes in the industry and new drugs continually being

<sup>3</sup> Retrieved from <http://www.novonordisk.co.in/about-novonordisk.html> (accessed on 30 December 2016). The content in this section is drawn heavily from Novo Nordisk company documents. Further the content is vetted by the competent authorities from Novo Nordisk.

<sup>4</sup> Retrieved from <https://www.imshealth.com> (accessed on 30 December 2016).

developed, physicians need to be continuously updated about products in the industry.

However, because physicians are under significant pressure, it is impossible for them to keep themselves updated on new products on their own, so salespeople have become an important source of information for them. The important role of the sales representative in the new sales model makes it imperative for every company to manage its sales force well, so that physicians see the information provided as credible and have confidence in prescribing drugs. Since sales representatives are the company's point of contact with physicians, it is crucial for the organisation's success to maintain positive buyer-seller relationships. However, sales representatives face numerous challenges in their day-to-day selling activities.

## The challenges of pharmaceutical selling

Pharma has faced significant challenges, especially in recent years when government regulations have begun to add to the pressures of an extremely competitive Indian market. Pharmaceutical selling will experience even greater complexities in the near future. Some of these challenges, and the way forward according to some industry analysts<sup>5</sup> and reports (Bhangale, 2008), are as follows:

### Talent

- Attracting good talent for pharmaceutical selling has been a major concern due to stereotyping and conservative payouts.
- Given the growth of sales jobs in information technology and financial institutions, this profession has become less appealing to the younger generation.

### Customers

- It takes nearly 6-8 months for sales representatives to familiarise themselves with selling techniques and get strong customer insights, but they are under pressure to deliver on the job immediately.
- Selling channels and trade can also put tremendous pressure on "ethical" standards.

### Technology

- Use of information technology and gadgets such as iPads and tablets are slowly becoming the norm as pharmaceutical sales tools, and they enable the capture of real-time data that could give sales representatives, managers and the marketing team much needed insights.
- These tools can also be used to understand prescription preferences and trends.

### Human element

- Personal selling by sales representatives is the core to "winning" in a sales job, and technology can only help as enablers to make the role more refined and better.

- There is a need for a customer- or patient- centric approach in designing marketing and sales activities.
- It entails more responsibility towards clients, patients and society.

According to the PWC 19th Annual Global CEO Survey<sup>6</sup> some major concerns for CEOs related to selling in pharma are:

- Finding people with the right skills: CEOs struggle to find professionals with growth potential.
- Balancing the needs of customers and society: Pressure from customers is a driving force, as is pressure from regulators and governments.
- Investing in innovation: Innovation, in terms of both process and selling approaches, is a top priority.
- Technology: Technological advances will help more than hinder; however, there are concerns that the rate of technological change will have a huge impact on the selling process.
- Integrity: CEOs are taking safety seriously and wish to ensure that the integrity of their representatives is nurtured.

## Novo Nordisk: Continuing the journey

In this interview, Mr Melvin D'Souza, Vice President and General Manager, Novo Nordisk India, explains the reasons behind the company's phenomenal growth, and also assesses the challenges facing the company and the industry, especially in the sales domain.

During this interaction, Mr D'Souza shares insights on Novo Nordisk continuing its journey of change by leveraging its strong sales force, innovative product range, and focus on ethics and quality to engage with all key stakeholders in India. The pharmaceutical sector is operating in a highly complex and competitive environment and that calls for a deep understanding of the existing health care setup. A good understanding regarding how challenges can be overcome can greatly help others who wish to succeed in this industry.

This interview also touches upon some of the challenges in pharmaceutical selling as detailed above. Through this interview, we hope to generate interest among pharmaceutical companies, as well as sales professionals, to invest in best practices in order to remain profitable and competitive.

## In conversation with Mr Melvin D'Souza, Vice President and General Manager, Novo Nordisk India

Mr Melvin D'Souza has a rich experience of over 22 years in the global pharmaceutical industry. He started his career as a senior marketing executive at Novo Nordisk in India in 1995 and progressed through the ranks. He has been responsible for propelling Novo Nordisk into becoming one of the fastest-growing organisations among the top 10 pharma MNCs in India<sup>7</sup> by spearheading strategic interventions and championing new sales initiatives.

<sup>5</sup> Retrieved from <https://www.linkedin.com/pulse/2014-0708104222-67802854-pharmaceutical-selling-challengesand-way-forward> (accessed on 30 December 2016).

<sup>6</sup> Retrieved from <http://www.pwc.com/gx/en/ceo-agenda/ceosurvey/2016.html> (accessed on 30 December 2016).

<sup>7</sup> Retrieved from <https://medicinman.net/2016/10/ims-health-market-reflection-report-for-september-2016> (accessed in October 2016).

Under his leadership, team Novo Nordisk was instrumental in building a comprehensive plan for the Indian market, with a special focus on delivering care to the remotest parts of the country, which in turn enabled them to provide affordable treatment to thousands. He was also involved in forging long-lasting relationships with senior government officials from different state governments. This partnership model has since been adopted by other state governments for improving diabetes care. As the Vice President and General Manager of Novo Nordisk India Pvt Ltd., Mr. D'Souza is responsible for the company's strategy and daily operations, as well as nurturing key alliances and business partnerships. Prior to taking over as General Manager of Novo Nordisk in India, he was Director, Sales and Marketing for Novo Nordisk Gulf.

Mr Melvin D'Souza holds an Executive MBA from ALBA Graduate Business School, Athens, Greece; and a Master's in Pharmaceutical Marketing Management from Manipal College of Pharmaceutical Sciences, Manipal.

**Sridhar Guda/ Teidorlang Lyngdoh:** Mr D'Souza, thank you for accepting our invitation. Could you please take us through your experience at Novo Nordisk and the key lessons learned?

**Melvin D'Souza:** Thank you for this opportunity. I consider myself fortunate to have begun my career in a customer-facing role despite a postgraduate degree in marketing. This enabled me to get out of my comfort zone, and I gave it my best shot every day by utilising every opportunity given to me.

After starting my career in sales, I was also keen to work in marketing. However, destiny had other plans for me. In the late 1990s, I was given an opportunity to work on an innovative, interesting and hitherto unheard-of experiment in the pharmaceutical industry: a direct-to-patient programme.

With this project, Novo Nordisk was trying to get a deeper understanding of people with diabetes. The project not only set the bar very high for the organisation, but we were also able to pull it off reasonably well. Though the project did not bring in revenue, and was more long term in its outlook, our efforts in its execution earned us due recognition. At a later stage in my career during mainstream marketing, I was able to replicate the best practices from this project.

Over the years, I have learned that people should step out of their comfort zones to grab new opportunities to learn and grow. The Indian pharmaceutical industry is full of such opportunities. You need to be ready to embrace these, work hard and have patience in order to reap the rewards.

**Sridhar Guda/ Teidorlang Lyngdoh:** Could you take us through the performance of Novo Nordisk over the years?

**Melvin D'Souza:** Novo Nordisk has been in the chronic segment for around 90 years, and that too in a single therapy area. To my knowledge, there are not many examples of major pharma companies that have not only survived but also thrived by focussing on a single therapy area. As an organisation, we help people with diabetes manage their disorder better and live a healthy and fulfilling life, free of any diabetes related complications.

We are the market leaders in India and have successfully built several segments and product categories, in the two decades. Our business performance has been outstanding, with an average growth of over 20% in the past few years.

We are one of the fastest-growing companies when compared to the top 10 MNC pharma companies in India. We have made a positive difference in the lives of millions of people, and that is our inspiration.

**Sridhar Guda/ Teidorlang Lyngdoh:** Going by the statistics, diabetes has become an epidemic in our country, while the health infrastructure has not grown in the same proportion. How is Novo Nordisk trying to navigate through these inadequacies?

**Melvin D'Souza:** I agree that diabetes in India is threatening to become a health emergency and we cannot keep blaming the system or the government. As an industry, we should be more proactive in finding workable solutions in the short term, and enhance awareness about diabetes by reaching out to the masses, living in remote parts of the country. At the same time, we should also collaborate with the government to help them build the infrastructure over a period. To Novo Nordisk and myself, the end result of having a healthier and a more aware society is more important than who is gaining more.

For the last several years, Novo Nordisk has been working towards this outcome. We have partnered with the community workers, with the help of state governments. We have trained the "anganwadi" (grassroots level health worker) workers and local doctors, who in turn reach patients by educating them, helping them detect diabetes and prescribing appropriate medication. We know that our journey has just begun and there is a long way to go.

**Sridhar Guda/ Teidorlang Lyngdoh:** To extend this further, how important are rural markets for Novo Nordisk?

**Melvin D'Souza:** In India, many people believed that diabetes was an urban disorder. This scenario is now changing. The advent of the Internet and smartphones in rural India has brought about a decisive transformation. However, public healthcare continues to be impacted by the absence of trained doctors. Rural markets will be the game changer for us. Until recently, we have been able to deliver services to tier-3 towns, as these act as feeder points for nearby villages. We expanded our outreach in the lower tier towns with our innovative distribution structure to capitalise on the existing government infrastructure of Primary Health Care Centres (PHCC) and Accredited Social Health Activists (ASHA) workers. We are going to expedite the process and include many more partners in our endeavour to achieve a healthy society.

**Sridhar Guda/ Teidorlang Lyngdoh:** Could you, briefly, throw some light on any such rural initiatives?

**Melvin D'Souza:** Our work with the Bihar government comes to mind right away. When the government of Bihar pledged to fight diabetes through their health infrastructure, we partnered with them as the knowledge partner in this initiative. We targeted about 100 PHCC and about 1000 anganwadi workers in 30 districts. We converted a couple of PHCC in each district into diabetes care centres for two days every week. Our trained staff went to the centres regularly on these specified days, and trained PHCC staff using a standardised programme manual. Our objective was to make these partners efficient enough to conduct the initial diagnosis of diabetes and, if required, ask patients to visit a specialist. The results were very encouraging - on an average, out of every 100 outpatients at a PHCC, five or six were new patients diagnosed with diabetes who required professional help to manage their condition.

**Sridhar Guda/ Teidorlang Lyngdoh:** How important is a good sales force for your organisation, and how are your policies structured to get good graduates into the sales force?

**Melvin D'Souza:** In India, Novo Nordisk has 80% of its workforce in sales. At Novo Nordisk, we provide great opportunities for outstanding performers and the role in sales is just the beginning.

Many of my peers in similar roles globally are the best examples of this; I started my career as a marketing executive in sales and am now heading the India operations. The boundaries of career progression at Novo Nordisk are unlimited.

Having said that, we do face challenges in getting good graduate candidates for sales roles, but then again, we are not alone in facing this challenge. Selling in pharma is at the crossroads, but I feel that we are in for a better future. First, the industry has become extremely competitive, with complex products which require a deep understanding of the disease state, pharmaco-economics and ability to leverage innovative tools to interact with customers.

Secondly, ethics and customer engagement will remain a top priority for companies. This means that we require people who will work ethically on several new sales competencies. While this may seem challenging in the short term, in the longer run, the new pharma sales job of the future would be more exciting, high on esteem by bringing in credibility to the role, and great rewards for highly skilled and talented individuals.

We are not short of a talent pool, but we need to be more competitive vis a vis other industries. We have to build credibility around the role of a medical representative, attract this "new" talent, and carefully nurture him/ her for the long term.

**Sridhar Guda/ Teidorlang Lyngdoh:** How do you make Novo Nordisk attractive to work for, and thus retain sales talent?

**Melvin D'Souza:** For some time now, sales force retention has been an issue within the pharma industry. For us too, the situation hasn't been much different. However, I am also proud that our retention rates are almost 10% higher than the industry average.

Our sales force delivers quality products to our customers but also acts as lifesavers, with members who work towards saving people's lives with diabetes and haemophilia. We rigorously train and re-train them, and expose them to technology early in their selling lifecycle, which become core enablers in delivering exceptional service to all our stakeholders. Apart from this, we provide them with broader career growth opportunities in the organisation.

We are guided by our values through the Novo Nordisk Way - the 10 essentials that help us in how we think and what we value. Overall, we have developed an ecosystem that helps representatives become financially strong, ethically and socially responsible, and work for something that the company stands for - contributing towards a healthy society. We believe that we have come a long way towards making sales jobs in Novo Nordisk truly attractive to work for.

**Sridhar Guda/ Teidorlang Lyngdoh:** How do you ensure that the sales force you hire really believes in ethics, and bases their work on Novo Nordisk values?

**Melvin D'Souza:** There are two things which give us immense satisfaction but also keep us awake every night:

the quality of our products we deliver and business ethics standards we have to adhere to.

While we try to deliver the best on both counts, you need to see these two areas on a relative scale. What was considered a good service quality or ethical standard yesterday may not be applicable today. Hence, we continue to update ourselves in real time to retain our relevance in this dynamic environment. We convey our values to the sales force in several ways, including rigorous training and live examples.

We have debated extensively on these issues within the organisation. We have now decided that some issues like ethics and quality are non-negotiable, always. Interestingly, as an industry, we build businesses by delivering care for an ailment. This calls for a deeper understanding from our side as to what we are doing and how we are doing it. Our behaviours to a large extent drive our actions, and actions are what people look for in us. Our mantra is to be focussed and sustainable. To be both, we have to be highly ethical and quality conscious.

**Sridhar Guda/ Teidorlang Lyngdoh:** Novo Nordisk has been one of the pioneers of technology use in selling, such as using iPads instead of product brochures. Could you explain some of these initiatives used to increase the productivity of the sales force?

**Melvin D'Souza:** We are fortunate because we are a "small-big" company - small because we are in a niche space, and big because we are leaders in that space. So, in this position of strength, we get a lot of opportunities to experiment. In addition, being in India is a boon as the world is looking to us for low-cost and sustainable innovations. I see a future in these investments. The ecosystem and government has been spending a lot on technology and we too are quick to embrace technology, faster than in other markets. If we are ready as an organisation to leverage technology, we can partner with our stakeholders to offer our services and products, thus building a healthier society.

**Sridhar Guda/ Teidorlang Lyngdoh:** Sales in an organisation has a lot to do with the culture. Given the diversity in the workforce, how are you able to ensure that you create a unique culture of your own?

**Melvin D'Souza:** Yes, certainly. Novo Nordisk Way of Selling unifies our selling efforts irrespective of the background of the salesperson. But this is not as easy as it appears. India is a country in which many countries exist. We cannot have a unified approach for every city. For example, Chennai and Noida are similar in their physical infrastructure, but differ socially. I require "farmers" in some places and "hunters" in others. I have to be sure that I do not have hunters at farming locations and vice versa. I believe that if we want to maximise the opportunity provided by different products and places, we need a diversified sales force. We have to ensure that it is part of our selection criteria, part of our training programmes, and that is why we are very specific about what type of people we bring in. The bottom line is that we have a standardised approach of selling as a guiding principle that is non-negotiable. We are also flexible on other requirements in order to harness greater potential.

**Sridhar Guda/ Teidorlang Lyngdoh:** Leadership is undeniably the key competitive advantage in organisations like

yours. How are you nurturing the future generations to build a good leadership pipeline?

**Melvin D'Souza:** You are absolutely right, and we are building our sales organisation in this direction. Over the past decade, we have been focussing on how to grow. We have experimented with various models that will bring us growth. We are aware that sustainable future growth requires organisational restructuring, and we have already begun our journey towards this. We have developed a blueprint for this and we need to continuously update our plans. We intend to build leadership at every level of our organisation. We have recently strengthened our support organisation, especially in the human resource function, which is spearheading the change process initiated. We know we have a long way to go.

**Sridhar Guda/ Teidorlang Lyngdoh:** How do you see Novo Nordisk India in five years from now? Or maybe, ten years from now?

**Melvin D'Souza:** Novo Nordisk India can achieve significant growth in the next decade. This is irrespective of the base volume we have. Opportunities abound in the segments we operate in; and we are gearing up to grow. Our aim is to make India among the top five markets for Novo Nordisk worldwide from 2030.

**Sridhar Guda/ Teidorlang Lyngdoh:** Thank you, Mr D'Souza, for your time and valuable insights into pharma selling.

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